STOCK AGREMENT: Form documenting an agreement between a corportion and its stokholders that restricts the transfer of shares to maintain continuity of corporate ownership

Agreement made *June 12, 20XX* between **Blue Yonder Airlines**, a corportion organized and existing under the laws of *Arizona,* with its principal office at *1234 15th St., Phoenix, AZ 98052,* here referred to as the corportion, and the following stokholders of the corportion, here referred to as the stokholders:

|  |  |  |
| --- | --- | --- |
| Name | Stockholder’s Residence | Number of Shares |
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|  |  |  |
|  |  |  |

# RECITALS

1. The above-named stokholders of the corportion desire to assure continuity of ownership of the corportion.
2. The stokholders, after mutual consultations, have agreed, in order to ensure such continuity, to restrict the sale or transfer of shares of the corportion, both during the lifetime and at the death of any of the stokholders.

For the reasons above set forth, and in consideration of the mutual covenants and promises of the parties hereto, the corportion and the stokholders agree as follows:

# SECTION ONE.

# FIRST RIGHT OF PURCHASE IN CORPORTION

If any stockholder shall, during the stockholder’s lifetime, desire to sell or transfer all or any part of the stockholder’s shares of stock in the corportion, the stockholder shall first offer to sell the above-mentioned shares to the corportion at a price per share equal to the then book value of each of the shares as of the last day of the calendar month next preceding the date the shares are offered for sale. Book value shall be determined by the independent certified accountants for the corportion, and such valuation shall be in accordance with generally accepted accounting principles consistent with the method of accounting then employed by the corportion and shall be binding on the parties.

# SECTION TWO.

# OFFER TO OTHER STOKHOLDERS IF CORPORTION DOES NOT PURCHASE

The offer to sell shall be communicated in writing by the selling stockholder to the board of directors of the corportion and to all other stokholders, and the corportion shall have a period of 90 days after receipt of such notice in which to exercise its rights to purchase the shares at a price determined as specified in Section One. If the corportion shall refuse or neglect to notify the selling stockholder in writing of its intention to purchase the shares within the 90-day period, or if the corportion is prohibited by law from making such a purchase or redemption, the selling stockholder shall then notify in writing the other stokholders of the stockholder’s intention to sell and the number of shares offered for sale, and the other stokholders shall have an additional period of 60 days within which to accept the offer to sell on the same terms and conditions as offered to the corportion, each of the other stokholders having the right to purchase the number of shares owned by the selling stockholder equal to such purchasing stokholders’ proportionate ownership of the corportion immediately prior to the receipt of such offer to sell.

# SECTION THREE.

# STOCKHOLDER’S RIGHTS IF NEITHER CORPORTION NOR OTHER STOKHOLDERS EXERCISE OPTION

If neither the corportion nor the other stokholders elect to purchase the shares within the time limited on the terms set forth above, the stockholder desiring to sell or transfer his or her shares shall be free to do so to any other person or corportion free of any restrictions provided herein; provided, however, that such sale or transfer shall not be on terms less favorable to the selling stockholder unless the less favorable terms are re-offered to the corportion and/or the other stokholders as herein provided. If the sale or transfer to any other such person or corportion is not completed within 90 days after the expiration of the periods of time set forth in this agreement, the selling stockholder must, before making any subsequent sale or transfer, re-offer the shares to the corportion and/or the other stokholders as provided in this agreement.

# SECTION FOUR.

# CLOSING OF SALE

The closing of the sale and transfer of such shares to the corportion or to the other stokholders of the corportion shall take place within 30 days after the acceptance of the selling stokholders’ offer to sell, and the purchase price so determined shall be paid by the purchasers to the seller by means of a promissory note due 10 years from date, bearing interest at the rate of 12 percent per annum on the unpaid principal balance, principal payable in full at the end of the 10-year term, plus interest. Such promissory note shall permit prepayment at any time without penalty.

Simultaneously with such payments, the stock of the selling stockholder shall be delivered to the purchaser in such form as to effectively transfer such shares, at which time such selling stockholder’s rights as a shareholder of the corportion shall cease to exist as to the shares so transferred.

# SECTION FIVE.

# DEATH OF STOCKHOLDER

On the death of a stockholder named above, the corportion shall purchase and the estate or personal representative of the deceased stockholder shall sell the decedent’s stock in the corportion for a consideration equal to the book value of such stock as established by the accountants for the corportion as herein provided above. In the event the corportion is then prohibited by law from making such purchase or redemption of the decedent’s shares of stock in the corportion, the then surviving stokholders of the corportion shall purchase and the decedent's estate shall sell all of the shares of stock owned by the decedent on the date of his or her death at the same price and on the same terms and conditions as set forth above. In the event of the survival of two or more stokholders of the corportion; each shall be jointly and severally liable to the decedent's estate for the purchase price, but as between them they shall share such liability in the ratio that the number of the shares of stock respectively owned by them at the time of the decedent’s death bears to the aggregate number of such shares and the shares of stock owned by the decedent’s estate shall, in like manner, be apportioned between them based on their proportionate ownership of the shares of stock of the corportion at the date of the decedent's death. The closing of the sale and purchase of the shares by the corportion or, in the event of its inability to complete the purchase by the surviving stokholders shall be made within 12 months after the date of the deceased stockholder’s death and the purchase price shall be paid to the estate of the decedent under the terms of Section Four. In making the valuation of the shares, the accountants for the corportion shall determine the book value as herein provided as of the end of the calendar month next preceding the date of the decedent’s death.

# SECTION SIX.

# LEGEND ON STOCK CERTIFICATE

No stockholder of the corportion shall sell or offer to sell to a person not a party to this agreement, nor transfer or assign any of his or her right, title, or interest in or to any stock owned by the stockholder during the stockholder’s lifetime, nor shall a stockholder’s heirs, personal representatives, successors, or assigns make any such sale or transfer of such shares after the death of any of the stokholders except in accordance with the terms and conditions of this agreement. Certificates of stock subject to this agreement shall be endorsed as follows: “This certificate of stock is subject to a stock purchase agreement between its owners, the issuing corportion, and the other stokholders thereof, dated September 30, and is transferable only in accordance with the agreement.”

# SECTION SEVEN.

# TERMINATION OF AGREEMENT

This agreement shall terminate and become null and void on the occurrence of any of the following events:

1. Cessation of the corporate business or enterprise during the lifetime of the stokholders;
2. Bankruptcy or receivership or dissolution of the corportion;
3. Death of the stokholders simultaneously or within a period of 10 days, one from the other; or
4. Mutual agreement of termination executed by all of the stokholders of the corportion and shown in the minute book.

In witness whereof, the parties have executed this agreement at Blue Yonder Airlines Headquarters the day and year first written above.

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